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Special high-level meeting with the Bretton Woods institutions and the World Trade Organization

Provisional summary record of the 8th meeting
Held at Headquarters, New York, on Monday, 14 April 2003, at 3 p.m.

President: Mr. Rosenthal ..... (Guatemala)

Contents

Reports by the four Chairpersons of Round Tables

Exchange of views among participants

Concluding comments by the President of the Council

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The meeting was called to order at 3.20 p.m.

Reports by the four Chairpersons of the Round Tables

1. **The President** invited the Chairpersons of the four Round Table meetings on the theme: "Increased coherence, coordination and cooperation for implementation of the Monterrey Consensus of the International Conference on Financing for Development at all levels one year after the Conference" to report on their discussions.

2. **Mr. Manuel** (South Africa), Chairperson of Round Table 1, said that discussion had focused on systemic issues in the multilateral system, and three matters had been identified for closer examination: coherence of action, implementation of measures and giving a voice to all decision makers.

3. As the discussions had progressed, so too had common threads which were probably also present in the discussions of the other Round Tables. Firstly, the raison d'être of all multilateral institutions should be examined; it was often taken for granted and rarely debated. Secondly, the position of multilateral institutions was different from that of their member States and of sovereign States in general; that difference should be taken into account. Thirdly, unless time was taken to assess what had already been accomplished and what tasks lay ahead, it would be impossible to manage change.

4. Discussion of coherence of action had led to five conclusions. The first was that the ability of countries to report to multilateral bodies was in inverse proportion to their gross domestic product, so donors should make few and simple demands on recipients. The second was that everyone should recognize multilateral institutions as part of the system of global governance and attach value to membership of those institutions. The third was that proposals by non-governmental organizations to draw up an "index of coherence" would be a powerful motivator. The fourth was that donors should be guided by the needs of the recipients of assistance rather than by the need to maintain popularity with their domestic electorates. The fifth was that the Millennium Development Goals should be taken as a focus, and they should be recognized as operating against a very varied background.

5. Discussion of implementation of measures had likewise led to five conclusions. The first was that diversity should be acknowledged and "one-size-fits-all" solutions rejected. The second was that donors should make an unequivocal commitment to provide market access for goods from developing countries; that meant not only setting aside measures like the Multifibre Arrangement (MFA) and agricultural preferences, but also contemplating "affirmative action" for developing-country goods. The third was that an in-depth examination of the selection of leaders of multilateral institutions was needed; the principles of transparency and of considering all candidates should be upheld. The fourth was that agreements should be implemented as efficiently as possible on the ground; a good example was the coordinated approach to some African countries taken by the Netherlands and Sweden. The fifth was that the capacities of recipients varied; that variation in turn affected recipients' ability to cope with debt and implementation of projects.

6. Discussion of giving a voice to all decision makers had also led to five conclusions. The first was that the approaching sixtieth anniversary of the founding of the Bretton Woods institutions should be seen as an opportunity for rebirth, with a re-examination of their roles and methods. The second was that voting power in decision-making should be redistributed; the Round Table had been unable to establish who would lose power and who would gain power, but it agreed that redistribution did not mean giving everyone a fair share simply by creating more votes. The fourth was that partnership meant partnership: where countries were asked to take a risk, their risk-taking should receive a commensurate reward (in the case of poor countries, for example, a guarantee of improved living standards). The fifth was that some countries would achieve a greater say in decision-making through regional groupings; arrangements should be made to accommodate such groupings.

7. **Ms. Frafjord Johnson** (Observer for Norway), Chairperson of Round Table 2, said that discussion had focused on the role of financial cooperation in the Monterrey Consensus, and more particularly on the compact between developed and developing countries.

8. The first area examined had been flows of funding to developing countries. The Round Table had agreed that official development assistance (ODA) could contribute to achieving the Millennium Development Goals, but was still insufficient.

Assistance should be increased, not just in quantity, but in quality. A search for new and innovative methods should be launched, including such options as private funding and the proposal for a new financing facility made by the United Kingdom. The quality of assistance would be improved first and foremost by addressing developing countries' complaints about existing arrangements. That entailed reducing transaction costs, resolving conflicts between individual programmes, coping with the demands of Poverty Reduction Strategy Papers (PRSPs) and minimizing the time-lag between the agreement to release funds and actual disbursement of those funds. The proliferation of mechanisms and funds could easily lead to less efficient aid, however, as developing countries struggled to cope with different reporting requirements. Finally, if developing countries performed poorly, care should be taken not to penalize their populations.

9. The second area examined was debt. The debt initiative for the heavily indebted poor countries (HIPC) did not necessarily produce a sustainable level of debt for poor countries, which were at the mercy of factors such as fluctuating commodity prices. Debt-servicing obligations often impeded debt reduction, as any new debt needed to be repaid. Countries outside the HIPC initiative, such as Kenya, with its new Government, were also in serious difficulty. consideration should be given to how the Sovereign Debt Restructuring Mechanism (SDRM) proposed by the International Monetary Fund (IMF) could help the debt situation.

10. The third area examined was implementation, particularly the proposal for a "development policy review mechanism" inspired by the Trade Policy Review Mechanism (TPRM) of the World Trade Organization (WTO). The aim was to provide a forum for intergovernmental discussion of how assistance was provided, but the question of how to organize it remained open.

11. **Ms. Whelan** (Ireland), Chairperson of Round Table 3, said that discussion had focused on policy coherence in trade and investment, involving Governments, the private sector, non-governmental organizations and multilateral institutions.

12. The opinions of the Round Table participants on the Doha development round of multilateral trade negotiations were divided: some saw a "glass half-full", while others saw a "glass half-empty". Clearly, the level of focus on development depended not on the title of negotiations, but on their content. The negotiations would serve the needs of development only if they provided better market access for developing countries. That meant eliminating tariff peaks, ending tariff escalation, dismantling non-tariff barriers and dealing with developed countries' agricultural subsidies.

13. Other issues considered were the worryingly slow pace of progress in introducing special and differential treatment for developing countries, preventing environmental standards from being used as a cover for protectionism, taking account of gender issues and labour standards and providing trade-related technical assistance to improve the capacities of developing countries. The participants had taken the view that the "Singapore issues" (investment, competition policy, transparency in Government procurement and trade facilitation) should be unbundled and considered separately from each other. What was needed was a trade system which was conducive to the development of all countries, especially developing countries.

14. **Mr. Oualalou** (Observer for Morocco), Chairperson of Round Table 4, said that discussion had focused on five issues which were central to translating the Monterrey Consensus into action. The first was acknowledging that partnership between developed and developing countries was at the heart of the Consensus. Partnership should be made to evolve from a concept into a reality. The second was the need to give partnership a basis of agreed policy: quality of dialogue was vital to ensure that differences in the situations of countries and economic sectors could be accommodated, and to bridge the gaps in approach between international organizations regarding debt, trade and aid. The third was the interest which developing countries had in improving governance: that would increase the commitment of developed countries, help to attract more investment and improve economic performance. Similarly, there were gains to be made from improving international governance in political, economic and financial terms. The fourth was the need for developing countries to make progress in improving macroeconomic policies by introducing sound budgetary, inflation, savings, investment and interest-rate practices. That would encourage solidarity in reducing poverty. The fifth was the need to examine sectoral policies, since they had an effect on poverty and growth. Sectors in need of reform included

administration, finance and agriculture (with particular emphasis on developed countries' agricultural policies). Above all, reform needed continuity to succeed.

15. The Round Table had concluded that national policies should take account of regional cooperation, and that if developing countries made a greater commitment to improving governance, they would be seen as having a greater right to be heard in international forums, especially the Bretton Woods institutions.

16. **The President** said that the Round Tables had been so successful in avoiding duplication and presenting their discussions coherently that he wished to suggest that abbreviated minutes of their outcome should be circulated, not as agreed conclusions, but rather as the Chairpersons' assessments of their findings.

17. *It was so decided.*

Exchange of views among participants

18. **Mr. Oualalou** (Observer for Morocco), speaking on behalf of the Group of 77 and China, said it was paramount to mobilize the necessary political will in order to bring about the real, effective and prompt implementation of the commitments made at Monterrey. The Group of 77 and China were encouraged by the involvement of the Bretton Woods institutions in the implementation of the Monterrey Consensus and in the attainment of the Millennium Development Goals, as well as by efforts to establish methods of evaluating and monitoring the implementation of the commitments made both by developing and by developed countries. The Monterrey Consensus had created a partnership between those countries. While the developing countries were primarily responsible for their economic and social development, the developed countries had an obligation to bring about an international environment conducive to development, and ensure that their policies were coherent and compatible with the achievement of international development goals.

19. Although the developing countries had begun to improve their macroeconomic policies, little progress had been made in a number of areas. In the area of trade, the deadlines established at Doha had not been fulfilled. Protectionism and the granting of subsidies had increased, and the attitude shown by the developed partners during WTO trade negotiations gave cause for deep concern. The world was indeed far from making trade the catalyst for economic progress and poverty reduction. Furthermore, ODA was continuing to decrease, and the international community was far from attaining the goal of allocating 0.7 per cent of the gross domestic product for that purpose. In addition, measures must urgently be taken to ease the external debt of the HIPCs as well as of middle-income countries, in order to free up resources for poverty reduction and human development.

20. There was an urgent need to strengthen the participation of developing countries in decision-making within the international financial institutions. The efforts already made to improve the representation of developing countries, particularly African countries, were gratifying, and it was to be hoped that concrete decisions would be taken at the annual meeting of the World Bank Group and IMF to be held at Dubai in September 2003.

21. The time had also come to strengthen coordination between the United Nations and the international financial institutions and WTO, which must fully integrate United Nations development goals into their policies. In that regard, the Group of 77 and China reiterated its appeal for support to the New Partnership for Africa's Development (NEPAD) on the part of the international financial institutions and donor countries. The stabilization of export earnings from commodities was another question of paramount importance to the developing countries, and to the African countries in particular.

22. **Mr. Vassilakis** (Greece), speaking on behalf of the European Union, the acceding countries Cyprus, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia and Slovenia, and the associated countries Bulgaria, Romania and Turkey, said that the role and expertise of the Bretton Woods institutions and WTO were critical to the development process, and that the contribution of civil society and the private sector offered important content and ideas. The European Union was convinced of the importance of the Monterrey Consensus in establishing concrete commitments and recognizing the role of all relevant stakeholders. That partnership compact was critical for the achievement of the Millennium Development Goals and the alleviation of poverty.

23. While each country was responsible for its own economic development, a sound national macroeconomic environment and an enabling investment climate were the basis for sustainable development and economic growth, in a conducive environment, the private sector could be a driving force for development. The European Union was committed to working with partners to ensure progress under the Doha development agenda, so as to make the Fifth Ministerial Conference of WTO a success. It was also committed to helping developing countries to benefit from trade; it would provide increased support for trade-related assistance and was implementing a new strategy in that area. A key element was enhanced trade-related capacity-building to address supply-side constraints. The European Union had made regional integration and support for South-South trade one of its priorities, and was, inter alia, working to negotiate Economic Partnership Agreements with the African, Caribbean and Pacific countries.

24. The European Union, which was the largest provider of ODA, believed that increasing such assistance was essential to the attainment of the Millennium Development Goals. The member States were committed to reaching an average of 0.39 per cent of gross national income by 2006, as a step towards achieving the 0.7 per cent target, which should result in billions more assistance each year. The European Union was also convinced that such an increase must be accompanied by greater effectiveness and accountability in programmes and greater harmonization of donor policies. Committed to making progress in harmonization by 2004, it had initiated actions at the European level and among member States. A four-country pilot initiative had been launched, on the basis of which an action plan would be formulated and measures taken. The European Union welcomed the progress made by the Development Assistance Committee of the Organisation for Economic Cooperation and Development in that respect.

25. The European Union would continue to support the work of the International Task Force on Global Public Goods, and to take an active part in clarifying related issues. It welcomed progress made in the context of the enhanced HIPC initiative, and recognized the need for more work on the issue of debt sustainability.

26. The European Union favoured working towards global coherence and participation, and welcomed efforts to strengthen the voice of developing countries in international economic decision-making. Cooperation between the United Nations, the international financial institutions and WTO was the key element in strengthening the international financial system and implementing the Monterrey Consensus. The European Union looked forward to the follow-up to the Monterrey Conference, and would conduct its own follow-up review in May 2003. It also looked forward to the high-level dialogue at the United Nations General Assembly, which would be an occasion for taking stock.

27. **Mr. Minoves-Triquell** (Andorra) said it was essential to reaffirm the role of the United Nations in building peace in Iraq and ensuring progress and democracy for the Iraqi people. The Security Council would have to formulate a resolution concerning the material and political reconstruction of Iraq and meeting its humanitarian needs; Andorra had pledged to contribute to United Nations funds for the most pressing humanitarian aid. Iraq would have to face the humanitarian and developmental challenges which the Bretton Woods institutions and WTO had already started to examine. The new Iraq would have to arise from the will of the Iraqi people; in that process, the United Nations, the Security Council and the Council would have a role to play.

28. While the world focused its attention on Iraq, underdevelopment continued to affect the majority of the world's people, particularly in Africa. It was essential to bring about a progressive increase in ODA, while accurately controlling the programmes for the distribution of such funds; in addition, States receiving help must ensure its efficient use according to the principles of good governance. Such multilateral organizations as IMF, the World Bank and WTO must, pursuant to the Doha development agenda, develop coherent, coordinated policies that took into account the unique character of each country. In that regard, it was important to be aware of the fragility of small economies.

29. Since 1995, Andorra had increased contributions towards development one hundredfold, and had created a new general directorate at the Ministry of Foreign Affairs in charge of development cooperation and multilateral relations. The Andorran people were actively involved in that process, and many private

citizens made donations for development. Andorra would continue to work with the international community to create a world in which there was both justice and opportunities for all.

30. **Mr. Passacantando** (World Bank) said that the World Bank and IMF took their interaction with the United Nations very seriously, as attested by the large delegations they had brought to the meeting despite the fact that they were there more to listen than to contribute to the debate. The round-table discussions had fostered a more practical and less rhetorical debate, and it would be useful to consider allotting even more time to them in future.

31. It was highly unusual for a communiqué from the International Monetary and Financing Committee to make reference to a forthcoming United Nations Security Council resolution. The stipulation that no funds would be provided for the reconstruction of Iraq unless the United Nations played a role in that reconstruction presented a major challenge. In the coming weeks, the ability of all participants to coordinate their activities would be tested.

32. The World Bank was committed to the recommendation in the Monterrey Consensus that existing institutions should be relied on. It was working with the boards of the Bretton Woods institutions, as well as with the International Monetary and Financing Committee, the Development Committee and the current meeting of the Council on several fronts, and had recently undertaken important initiatives, including, for example, the establishment of more transparent mechanisms for the selection of presidents. The Board of the World Bank was also considering means of increasing the voice and participation of developing countries in its work, with attention to the special difficulties presented by African countries. It was clearly time to implement new ideas.

33. **Mr. Simón** (Observer for Mexico) said that a year after the International Conference on Financing for Development, an effort should be made honestly to evaluate all that had been done to fulfil the commitments made in the Monterrey Consensus. It was clear that those goals must be translated into effective long-term actions and initiatives, so as to create conditions for the recovery and lasting stability of the developing countries. His government believed that it was essential to strengthen the multilateral framework, because that was where solid, suitable policies could be formulated for resolving the problems facing humanity. Mexico would be hosting the Fifth Ministerial Conference of WTO, where decisions would be made which would determine whether the development round could be finalized within the timeline set in the Doha development agenda. There was still much to be done before the date of the Conference; and it was essential to focus on attaining the necessary consensus to ensure the success of the development round.

34. Mexico would continue to work to support the formulation of mechanisms to meet the needs of the developing countries. It supported the efforts of IMF to establish guidelines for the management of public debt and stressed the need to increase technical support to the developing countries in order to enhance their risk management capacities. In that regard, Mexico had recently issued sovereign bonds containing collective action clauses.

35. In order to attain the Millennium Development Goals and the objectives of the Monterrey Consensus, ODA must be increased considerably. The industrialized countries must agree on an assistance scheme, and work with developing countries towards greater flexibility in the transfer of resources. Mexico was both a recipient and a donor of ODA, providing assistance in particular to neighbouring countries. The Plan Puebla Panama, a Meso-American development programme, fulfilled the principles both of the Millennium Development Goals and of the Monterrey Consensus. Mexico remained firmly committed to the Monterrey Consensus, and hoped that the current meeting would contribute towards making it a useful and effective instrument for the consolidation of a multilateral system.

36. **Mr. Majanen** (Finland) said that it had been aptly noted that the question of the voice of the developing countries was related to rights, voting powers and influence. That was not a new or separate issue, but one that was expressed in the Millennium Development Goals. Rights made no sense if countries lacked the capacities and capabilities necessary for their use. It had not, however, been pointed out that partnership was also a matter of attitudes, and required new, more reciprocal and equitable relationships. By way of an example, he said that the Helsinki Process provided a forum for an equitable and multi-value dialogue among all stakeholders. The Process, which called for comprehensive, open participation, was still

under way. More information was available from his delegation.

37. **Mr. Schydlowsky** (Peru) said there was general agreement on the need for greater resources for development, and also that part of those resources should derive from private capital markets and from privatization of national assets in order to free them for investment in new development structures. There was, however, a serious problem that hampered the implementation of such a process. In Latin America, as well as in some other parts of the world, when an investment was made, it automatically increased the public cost and thus also the public deficit. Since deficits were used to mark goals both in domestic arrangements and in agreements with IMF, such investments marred the attainment of those goals. That peculiar custom impaired the possibility of fulfilling the Monterrey Consensus and should be reviewed and rectified.

38. **Mr. Cox** (Observer for the Commonwealth Secretariat) said that a Commonwealth Action Plan for delivering the Monterrey Consensus at the national, international and Commonwealth levels had been agreed on at the meeting of Commonwealth Finance Ministers held in September 2002. Action contemplated at the international level fell under the heading of political and corporate governance, comprising such factors as legal systems, inclusion of civil society, democracy-building, participation, and avoidance of exclusion, and under that of capacity-building, especially in light of the severe constraints on the capacities of many developing countries resulting from overwhelming demand as well as shortages of the human resources needed to deal with a complex world. The Commonwealth Secretariat had found that concentrating on trade capacity-building to strengthen member countries' ability to participate in the formulation of trade policy and the negotiation of trade agreements held great potential for achieving the Millennium Development Goals and implementing the Monterrey Consensus.

39. **Mr. de Santa Clara Gomes** (Portugal) said that he fully supported the statement made by the representative of Greece on behalf of the European Union, and called for the establishment of a partnership between the developed countries and LDCs in the interests of attaining Millennium Development Goals. The lack of viable partners on the LDC side was a serious obstacle to such a partnership and highlighted the great need for capacity-building, because so few LDC Governments currently had the capacity to participate in equal exchanges. That lack of capacity had the added side-effect of seriously curtailing those countries' margins for error in policy formulation, compared with the developed countries. The LDCs therefore required assistance to develop policies and strategies that facilitated full participation, and to try to diminish the negative consequences of policy errors. In that regard, there was also a clear need to make the international system more accessible to LDCs and to facilitate their participation in it, both by strengthening their capacities and by fostering a genuine willingness on the part of the developed countries to enter into partnership with them.

40. **Ms. Viotti** (Brazil) said that while an unprecedented degree of international consensus existed with regard to the measures necessary to promote development and attain the Millennium Development Goals, that consensus had yet to produce the practical changes needed to ensure actual progress towards those goals. Frustration was growing among the developing countries because negotiations did not appear to be achieving the hoped-for results. The current dialogue between the Council and the Bretton Woods institutions was therefore of crucial importance for the realization of the goals of Monterrey and other recent conferences in that regard.

41. **Ms. Deily** (United States of America) said that the United States was emphasizing the importance of focusing assistance on countries with strong policy performance, measuring the concrete results of that assistance, and strengthening the management of public resources. In that context, President Bush had requested the United States Congress to allocate US$ 1.3 billion for the Millennium Challenge Account for 2003, increasing to US$ 5 billion per year by 2006, as part of a detailed plan for operationalizing the Monterrey Consensus. He had also requested nearly US$ 15 billion to combat the global HIV/AIDS epidemic through 2008.

42. In 2002, WTO had established a global trust fund to provide financial assistance and training to enable countries to participate fully in trade negotiations. That assistance had been expanded from US$ 10 million to US$ 20 million in 2002 and then to US$ 24 million in 2003, and was being further complemented by bilateral support on the part of a number of countries around the globe. In that context, the United States had

contributed US$ 638 million in technical assistance related to trade issues in 2002, while all key officers in the United States Agency for International Development (USAID) were being trained in the importance of technical assistance as a means to foster development and poverty-alleviation initiatives. Those and other measures exemplified the relative success of efforts to achieve coherence in implementing the Monterey Consensus. Annual evaluations of the WTO trust fund itself were being performed in order to provide a clearer idea of issues remaining to be addressed.

43. **Mr. Grant** (United Kingdom), referring to the statement made by the representative of Greece on behalf of the European Union, emphasized the commitment of the United Kingdom to the Monterrey Consensus and to sustaining action for its implementation. With regard to policy coherence, his delegation viewed country-level poverty-reduction activity and monitoring frameworks in developing countries as central to achieving the Millennium Development Goals. Efforts in those areas needed to be coordinated with national systems and budget processes, so as to ensure that developing countries were not saddled with additional burdens. In the area of trade, his delegation viewed the Doha development agenda as central, and believed that the barriers associated with the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS) and barriers to special and differential treatment could and should be overcome as rapidly as possible, so as to allow attention to be focused on other complex issues, particularly in the area of agriculture.

44. Development assistance targets were affordable and achievable; the United Kingdom was increasing its own levels of assistance, and was joining Norway in proposing the establishment of an international finance facility as an innovative scheme to raise the additional resources of up to US$ 50 billion per year through 2015 required to achieve the Millennium Development Goals. It would not be a separate implementation agency, but simply a financing mechanism designed to meet the shortfall. Finally, his delegation had been working closely with others to develop ideas on "enhancing the voice and participation of developing and transition countries", and remained committed to taking that work forward in whatever forums were set up to discuss it.

45. **Mr. D'Alotto** (Argentina) said that his delegation wished to associate itself with the statement made by the representative of Morocco on behalf of the Group of 77 and China. The Monterrey Consensus was a fundamental turning point in the work of the Organization in the economic and social sphere, and provided guidelines for continuing work in that area. However, his delegation viewed with concern the international trade situation one year after the Monterrey summit; the threat of recession had not receded, hopes for an international conference on development remained unrealized, and protectionist measures were growing in scope. If countries were not allowed to compete on the basis of their comparative advantages, they would be unable to obtain the hard currency they needed to service their debts. Aware of its responsibility to heal its economy, Argentina had no intention of cutting itself off from the international financial community, but it also viewed the attainment of an international trade environment free of tariff barriers and subsidies as a legitimate aspiration.

46. Argentina had achieved a fragile recovery, and all candidates in its upcoming elections had agreed that the failure to control fiscal policy, which had given rise to the previous crisis, had been a serious error. While welcoming the necessary debate on the evolving role of IMF, Argentina insisted that each country should be accorded individual and flexible consideration during negotiations with that body. IMF voting structures should be updated so as to give greater latitude to developing markets and reduce the current distortions in world trade. Finally, he stressed that an exclusive preoccupation with matters of security, without consideration for the concerns and problems of the developing world, would serve only to increase the threat to the security of all.

47. **Mr. Piedra** (Observer for the Holy See) said that the integration of LDCs into the world market could only be achieved through an integral approach. While fair trade relations constituted an essential component of economic and human development, economic freedom was only one aspect of human freedom. Economic activities must be pursued within the broader context of human development, the promotion of human rights, and the dignity of the human person, especially the all-embracing policies and targets of the family of nations aimed at drastically reducing poverty. Without respect for the dignity of the human person, there could be no true development.

48. **Ms. Lizarde** (Interim Facilitating Group for the Follow-up to Monterrey (IFG)) said that the considerable momentum generated in Monterrey in 2002 had not been maintained; stalling and back-tracking on resource mobilization for development were clearly evident, and massive amounts of resources were being diverted into military spending and the waging of armed conflicts, followed by the need for new resources for reconstruction. The real development agenda was being sidelined, and the current disabling environment was further exacerbating feminized poverty, social instability and human insecurity. The pursuit of a global agenda on financing for sustainable development depended ultimately on the normative multilateral framework of the United Nations as outlined in its Charter. The search for policy coherence required the establishment of mutually reinforcing policies between the Council and the Security Council to promote economic and political security in an enabling environment of peace.

49. At the Hearings and Dialogue with Civil Society, on 20 March 2003, a series of recommendations had been made in five areas to the United Nations and Member States, Bretton Woods institutions and WTO. In the area of debt relief, they should cancel the debt of poor countries, review and reshape debt-sustainability criteria around the capacity to achieve the Millennium Development Goals, support a fair and transparent arbitration process between debtor and creditor countries and establish a joint working group on debt. In the area of trade and development, they should build development-based trade rules that would maximize employment under decent conditions, integrate WTO into the United Nations system, apply special and differential treatment at WTO and prevent developed countries from pressuring developing countries to liberalize their service sectors under the General Agreement on Trade in Services (GATS) agreements. With regard to reform of global governance, they should explore proposals for new decision-making structures on economic policies within the United Nations framework and promote the democratization of IMF and World Bank policy formulation and implementation at the national level. With regard to the Millennium Development Goals/ODA, they should recognize the cross-cutting nature of human rights, gender equality and women's empowerment as central to the achievement of all the development goals, and honour the pledges made in the context of Monterrey. With regard to policy coherence, the Council, the Bretton Woods institutions and WTO should give joint consideration to the establishment of an international commodity policy or agreement as a means of increasing the incomes of indebted countries, the creation of a mechanism for ensuring coordination of macroeconomic and exchange rate policies among currency reserve countries, and the promotion of core labour standards as enshrined in the International Labour Organization Declaration on Fundamental Principles and Rights at Work.

50. **Mr. Underwood** (Business Council for the United Nations) said that while the architects of the Monterrey process had recognized the importance of private-sector capital in achieving its goals, there still appeared to be a general lack of interest on the part of developed as well as developing countries in working with the private sector to mobilize capital both domestically and internationally. Dialogue on issues and consensus-building was continuing without much corresponding progress on building substantive mechanisms and processes for financing for development. The Business Council had formulated a number of specific recommendations on overcoming some of the impediments to those processes, dealing with the ability of countries to communicate country opportunities, risks and investment transaction services, improving developing countries' access to long-term financing for infrastructure development, and establishing frameworks for collaboration and coordination between the private and public sectors in the implementation of the Monterrey Consensus. The private sector had provided US$ 660 billion in net capital flows to developing countries between 1996 and 2003, or more than three times that provided by the official sector. That figure included US$ 79 billion in net capital flows to Africa alone, which was ten times the figure for the official sector. He therefore called on Governments and international financial institutions to work actively with the private sector, and urged improvement in communications between the stakeholder groups.

51. **Ms. Freudenschuss-Reichl** (United Nations Industrial Development Organization (UNIDO)), reporting on progress achieved with respect to the initiative entitled "Enabling developing countries to participate in international trade — strengthening the supply capacity", said that the trust fund created in that regard was attracting donor interest and the first activities under the fund were being developed. In the

context of that initiative, cooperation with WTO, the United Nations Conference on Trade and Development (UNCTAD) and the International Trade Centre (ITC) had been reinforced, thus contributing to enhancing coherence in the implementation of the Monterrey Consensus in the area of trade facilitation. A second initiative, entitled "Mobilizing international resources for development: foreign direct investment and other private flows", concerned a pilot operation in Nigeria and combined a private sector equity investment organization, aimed at investment in small- and medium-scale enterprises, with grant-funded UNIDO-managed technical support. The project was being duplicated in other countries.

52. On the issue of national economic policies, she said that, in the view of UNIDO, they should be enhanced by the productive capacity of developing countries. In that regard, UNIDO had worked extensively with African Ministers of Industry on the development of productive capacity initiatives at the subregional level. Those initiatives involved regional financial institutions that had agreed to establish sectoral financial windows. UNIDO was confident that as a result of those initiatives a continent-wide African productive capacity initiative could be agreed at the Conference of African Ministers of Industry in November 2003 as part of the operational aspects of NEPAD.

53. Environmentally sound technologies needed to be promoted as one of the main elements of successful domestic economic strategies. In that regard, one of the main priorities of the cleaner production and water management programmes of UNIDO was to transfer environmentally sound technologies which combined medium and large volume investments in selected industries. An investment portfolio was prepared after a series of development steps had been carried out, including identification of industrial hot spots of pollution, preparation of environmental impact assessments, environmental accounting and market studies. UNIDO had demonstrated the success of that approach in a number of countries and hoped that financing would be made available as part of the follow-up to the Monterrey Conference in order to replicate that approach.

54. Lastly, responding to the President's invitation for comments on the format of future meetings, she said that future meetings should have a shorter agenda so that more time could be devoted to individual issues.

55. **Mr. Langmore** (International Labour Organization) said that he was encouraged by the statement made by the representative of Finland, as well as by reports from several countries on actions to increase allocations to ODA. Nevertheless, the promises made still fell far short of the necessary increase, as estimated by the World Bank, to stimulate economic and employment growth in order to achieve the Millennium Development Goals. In that regard, the proposal by the United Kingdom to establish an international financial facility was worth exploring. A second possibility was to make special drawing rights free of interest and reduce the opportunity cost of holding currencies in reserves. A third method of increasing reserves for development would be to strengthen international support for domestic revenue collection through increased international tax cooperation. There was an urgent need to reduce tax evasion opportunities by strengthening the capacities of national tax authorities for efficient and equitable tax administration. Without the introduction of mechanisms of that kind, the Millennium Development Goals would not be achieved.

56. **Mr. Desai** (Under-Secretary-General for Economic and Social Affairs) said that the lack of coherence in the policies of both developed and developing countries should be recognized. There was also an issue of coherence at the global level with respect to the whole issue of implementing internationally agreed development goals, including the Millennium Development Goals. In that regard, the current meeting could identify particularly egregious examples of incoherence of policy, develop certain ideas on how they should be addressed and leave the decisions to the appropriate executive negotiating bodies.

57. Turning to the issue of civil society, he noted that there was a need to look at the longer-term goals of non-governmental organizations, that sometimes felt they had no role. However, a meeting such as the current one created an opportunity for them to play a part. Without their participation, there would be even less progress. The challenge was to spark and maintain a conversation between and among different cultures and generate real traction behind the partnerships and commitments made at Monterrey.

Concluding comments by the President of the Council

58. **The President** said that the meeting marked the first time that there had been such a large presence of executive directors of the Bretton Woods institutions as well as a representative of WTO. The dialogue had comprised three elements; the first one concerned the lack of progress towards achieving the Millennium Development Goals as a result of flat growth, declining terms of trade and negative resource flows. The second element was the bringing together of the four multilateral institutional stakeholders mentioned in the Monterrey Consensus, each with its own priorities and its own ways of relating to its national membership. The third element had to do with the role of the meeting as a follow-up to the Monterrey Conference. There was a need for greater focus in future, and the snap decision by the Chairpersons of the four Round Tables to focus on specific issues had turned up some very specific ideas, which could serve as the minutes of the gathering. Those ideas could also be used as inputs for follow-up activities of the meeting and especially for the high-level session of the General Assembly. The meeting had also built upon the annual spring meetings of the Bretton Woods institutions.

The meeting rose at 5.50 p.m.